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## **U.S. House of Representatives**

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

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### **WITNESS LIST**

Hearing on Excellence in Government

April 14, 1988

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Opening Statement of Chairwoman Pat Schroeder  
at Hearing on Excellence in Government  
April 14, 1988

I welcome everyone to this second hearing on the future of the public service and, specifically on H.R. 2882, the Excellence in Government Management Act.

Our first hearing productively focused attention on the problems the government now faces in recruiting and retaining quality employees. Our witnesses identified specific legislative actions we can take now to improve the prospects for a high-quality civil service in the future.

Yesterday morning, I read in the paper that the quiet crisis in the civil service has passed. The article quoted an Administration official as saying "we are in a new period in how the public views public service." Hallelujah. That was a quick crisis.

Yet, the data in the article hardly supported this conclusion. Moreover, public attitudes are shaped, in part, by what public officials say. Recently, the chief personnel spokesperson for the Administration bemoaned "the risk-avoidance habit that has many federal managers in its clutches," and condemned senior federal managers as "weak in their jobs ... because they are willing to stay in a weak system."

I, for one, think the quiet crisis is still very much with us. The Administration should recognize the problem as well. I would welcome the Administration's cooperation in refining the Excellence in Government Management Act so we can start dealing with the crisis before the next Administration comes to town.

Statement of Hugh Heclo

To

Subcommittee on Civil Service  
House Post Office and Civil Service Committee

April 14, 1988

Madam Chairwoman:

Thank you for this opportunity to offer my observations on the Federal public service and the need to assure the quality of this workforce. I am a professor of public affairs at George Mason University, and for some years now, first at the Brookings Institution and later at Harvard University, I have been thinking and writing about problems of the higher civil service in this country.

Today I would like to confine my remarks to the problems we face at highest levels of the public service. As you know, our country is rather unique among the developed nations in the way--a rather haphazard way I would argue--that we attempt to mix senior career people and temporary political appointees at these upper management levels. Of course there are many problems in the public service below these levels, but I believe that the tone and quality of the workforce as a whole is influenced decisively by what happens or does not happen at these senior levels. I am referring not simply to the operation of management "controls" to see to it that Federal workers are operating effectively and efficiently. I am referring to the role that senior executives play in setting the example, inspiring and mentoring other employees. This is as important in the public sector as it is in private corporations.

This fall we will mark the 10th anniversary of the Act creating the Senior Executive Service. The evidence, much of it compiled by this Subcommittee over the years, strongly suggests that this reform has not gone very far in improving the leadership and quality of the public service. Of course "quality" is an elusive concept to measure. However, I think it is striking how difficult

it is to find any signs of major improvement in the operations of the senior executive personnel system and how easy it is find information that nothing much has changed, or perhaps even changed for the worse. As I read the evidence from the General Accounting Office and others, the problems have less to do with the basic concepts underlying the 1978 reform and more to do with the way in which it has been implemented. Let me briefly offer some examples.

--Recruitment and development programs are vital to the future of the Federal public service if we hope to identify and nurture promising young talent for future senior career positions. Yet Federal recruitment efforts at our schools and colleges have faded over the years. And of some 2000 persons appointed to career SES positions during 1982 to 1984, 87 percent had never been in a candidate development program.

--SES, with its rank-in-person concept, was supposed to help broaden and develop careers of senior managers across jobs and agencies. In fact this kind of mobility for career development--and for increasing the value of the perspective careerists could bring in consulting with political appointees--has remained pretty much a dead letter. Lateral mobility has not increased. A 1986 GAO study found that only one non-defense agency in the entire government (Environmental Protection Agency) has a rotation program for SES members. The GAO report was too polite to point out that this program was put into place only after a new administrator had been assigned to salvage an organization whose political management had become a national scandal.

--Testimony in your 1984 hearings reviewed a number of interview projects and case studies indicating the low morale in the senior career service. That situation appears to remain festering. A 1987 governmentwide survey by the GAO showed only 13 percent of the SES members would advise someone beginning a career to enter the public service. Is this the morale of inspiring role models?

--A forthcoming study of Reagan appointees in four agencies found that in 1985-1986, not only did a large majority of career executives feel their performance was superior to that of non-career executives, but more surprisingly over one-third of the political executives surveyed offered unsolicited critical comments about their fellow political appointees. The authors conclude:

"The increase in the number of political appointees, and their placement in line positions, has decreased the influence of the senior career staff. At the same time, political executives are entering without relevant prior experience and are being reassigned or

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leaving so rapidly that they cannot fully master their jobs. The result is to weaken their ability to carry out the administration's "mandate," and, often, to wreak havoc in the day-to-day administration of agency programs."

Madam Chairwoman I realize the appropriate color for this complex picture is plaid rather than black and white. The results vary with the organizations and personalities in question. Neither am I anti-political appointee. I believe very strongly that leadership of executive departments should be in political hands. But these should be responsible hands, not a passing parade of pint-sized cabinet secretaries grabbing power for their agendas. It is that short-term, non-institutional perspective that I believe is heavily responsible for the poor way in which the SES system as a whole has been managed.

We might dwell a little longer on another recent GAO study. In his March 24th testimony before your Subcommittee, the Comptroller General spoke of signs that the level of experience within the Federal senior executive service is in danger of eroding. Given this concern it is especially instructive to review the evidence from a 1987 GAO study (GAO/GGD-87-106FS) surveying those careerists who left the Senior Executive Service during the fiscal year 1985.

In that year an estimated 9.9 percent of career executives left SES. (We might note that by recent standards that would be a fairly high turnover rate for Congressmen ever two years!)

Given the normal retirement process it is not surprising that older age groups are more heavily represented among those leaving the SES than in the SES as a whole. Still, it may be telling us something that one in four careerists leaving the public service were in their 30s and 40s.

The reasons for any individual decision are undoubtedly complex, but the survey results are detailed enough to give some indication of the major trouble spots. The reason more frequently cited than any other as being of great or very great importance was "dissatisfaction with top management" (47.3% of responses).

The next most common reason given was "dissatisfaction with political appointees" (43.1%).

Third came a sense of unfairness (eg. favoritism) in the distribution of bonuses (41.4%); fourth came matters of compensation (39.9%). Then among the top ten reasons for leaving came frustration with general criticism of

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federal workers (36.9%), a sense of unfairness in the distribution of rank awards (36.1%), and dissatisfaction with agency management practices (35.1%).

In short, and though no one factor may be decisive, it seems that the public service is losing experienced career executives not because of factors specific to their particular jobs but because of deficiencies in the surrounding management context.

Another interesting question asked respondents which of their sources of dissatisfaction, if improved, could have led them to stay in their SES positions. Far and away the most frequently cited area where improvement was seen as definitely or probably leading to a decision to stay was overall agency management practices. Dissatisfactions with their salary and benefits or uncertainly about future compensation lagged well behind.

These results tend to repeat other findings. While compensation issues may be an important negative factor in the current public service, larger financial rewards are no substitute for a healthy management environment that needs to exist to positively motivate capable people.

Addressing this problem is not something that can easily happen by passing new laws. It is worth noticing that the same SES law appears to be being managed in quite different ways. In the following table agencies at opposite ends of the scale show how averaged responses to the GAO study conceal huge variations by agency. Any new legislation needs to take such variation into account.

I believe that H.R.2882 takes a number of steps in the right direction but in the long-run we may have to think more boldly.

1. It may be time to consider whether or not the Office of Personnel Management should become a more or less career-reserved agency. GAO is a good model of how professionalism and responsiveness can be combined with no more than two appointees at the head of the organization.
2. Over time, more groups have become mobilized to affect the work of government and recognized the importance of political appointments. Likewise presidents and their advisors have become increasingly interested in pursuing their policy agendas through administrative rather than legislative means.

Over against this is a political executive system that has "jus' grown" like Topsy. This system is likely to come under

TABLE 1

Reasons of Great/Very Great Importance  
Given for Leaving Senior Executive Service,  
Percent of Total Responses by Agency, 1985

<u>Agency</u>	<u>Dissatisfaction</u> <u>with Top Man-</u> <u>agement</u>	<u>Dissatisfaction</u> <u>with Political</u> <u>Appointees</u>	<u>Concern with too</u> <u>Much Political</u> <u>Interference</u>
(average)	(47.3%)	(43.1%)	(33.5%)
Commerce	78.9	70.6	60.0
Transportation	69.6	77.3	56.5
Nucl. Reg.Com.	62.5	50.0	33.3
Agriculture	52.9	58.8	58.8
....			
N.A.S.A.	45.5	13.8	12.1
Treasury	28.6	15.6	16.1
Justice	20.0	20.0	10.0
Veteran Adm.	18.2	10.0	0.0

Source: General Accounting Office, Senior Executive Service: Reasons  
Why Career Members Left in Fiscal Year 1985 (Washington:  
 USGPO), GAO/GGD-87-106FS, August, 1987.

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increasing strain, especially as the SES concept of a government-wide management corps fails to develop in practice and the tasks of interagency policy coordination fall to temporary personnel with no career stakes in the machinery or processes of government.

It may be time to rethink the in-and-outer system as a whole, its dimensions and functions. These people are a vital part of the public service too. The real question is not how many political appointees there should be; it is what they should be expected to do and what tools they need to do it.

I do not think temporary personnel should be in charge of running the SES career system, though they should be free to choose the career people they want on their management team. I do not think they should be line operators running specialized chunks of the bureaucracy. True political executives should be organizational leaders, not fabricators. In general, if an executive position is not important enough to require Senate confirmation, I do not think it should be a political appointment.

3. The proposal in H.R.2882 for a government service fellowship program is an interesting idea that deserves serious consideration. If the military side of the Federal career service can seek good young talent by helping with higher education expenses, I see no reason why the civilian career service cannot follow suit.

Such a program would place a very profound responsibility for the future of the federal workforce on the Office of Personnel Management. To repeat, we need to carefully weigh the organizational capacities of OPM and the professionalism required to handle such a task.

At the same time we need to be concerned about the larger managerial environment in which we are asking young people to build their careers. The bright young people interested in public service whom I meet want careers that will broaden and stretch their abilities. They want to be "in on the action" for dealing with important public issues, to be respected, to have a chance to rise to positions of major responsibility and be recognized for their contributions. It is easy to see why they might want to be in-and-outers. Under the present management structure, it is much more difficult to imagine writing a recruitment talk to argue that these are the kind of prospects they can confidently expect in the career public service. That is an unfortunate thing to say, but I think it is true.





# **SENIOR EXECUTIVES ASSOCIATION**

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**TESTIMONY BEFORE THE  
CIVIL SERVICE SUBCOMMITTEE  
OF THE  
COMMITTEE ON POST OFFICE AND CIVIL SERVICE  
ON H.R. 2882  
"THE EXCELLENCE IN GOVERNMENT MANAGEMENT ACT"**

**PRESENTED BY  
G. JERRY SHAW, GENERAL COUNSEL**

**APRIL 14, 1988**

Thank you, Chairwoman Schroeder, for the opportunity to present the views of the Senior Executives Association concerning the future of the public service. As the professional association representing the interests of career federal executives who direct the operations of the federal government, we are in the front lines of those who are deeply troubled about the increasing difficulty the government faces attracting and retaining highly qualified individuals to accomplish the government's work responsibly and effectively.

You have asked for evidence that our concern is rooted in reality. We can, of course, quote from an expanding collection of studies, conducted by both the government and the private sector, which attest unequivocally to the reality of the problem.

Most recently, the President's Commission on Compensation of Career Federal Executives concluded that retaining Senior Executives and attracting top candidates externally, from outside the government, and internally, from government management ranks into higher-risk SES positions, are growing problems. Their report reaffirmed the critical nature of the SES work in successful domestic and international government operations and identified areas "in need of immediate redress" to combat serious disincentives to government service. The Commission identified some of the most obvious disincentives: "the history of broken promises and pay caps, reduced bonus provisions, the effects of inflation, the comparative pay gap with the private sector, compression within and on either end of the SES pay range."

Early this year the Congressional Budget Office released figures demonstrating a 61% rise in federal executive retirements from 1981 to 1986.

Last year, at the request of Representative Vic Fazio, GAO compiled statistics on the numbers of SES executives accepting optional retirement when eligible and/or seeking second careers in the private sector, often at higher pay. Their random-sample survey results (from a 76% response rate) indicated that over 60% of then-currently employed SESers were dissatisfied with their salaries.

Moreover, 36% of retired and resigned SESers surveyed reported that salary considerations contributed moderately or greatly to their decisions to leave the government. In addition to dissatisfaction with pay, 47% ranked "dissatisfaction with top management" and 43% ranked "dissatisfaction with political appointees" as great to very great factors in their decisions to leave the government; 34% noted too much political interference and 37% identified their frustration with criticism of federal workers by the press, politicians or public as major considerations. The Senior Executive Service commends H.R. 2882 for addressing many of these problems.

Several other recent studies underscore the critical nature of the recruitment and retention problem for the federal government, notably the Twentieth Century Fund's report, The Government's Managers, and the National Academy of Public

Administration Paper, "The Quiet Crisis of the Civil Service: The Federal Personnel System at the Crossroads."

In addition, relevant statistics are available from the Office of Personnel Management. Logic leads us to consider, for example, the 3200 current federal employees who were recruited back from retirement to fulfill the responsibilities of their agencies (i.e., re-employed annuitants). Their expertise and skill could not be satisfactorily replicated by those left behind and new talent equal to the challenge could not be attracted.

Re-hiring annuitants may offer some measure of the problem but certainly is no solution to it. The government's ability to resort even to this stopgap activity will diminish as increasing numbers of SES executives accept optional retirement when they are eligible and begin second careers in the private sector. They simply will not be available to come back to help out even in an emergency situation.

Inadequate pay is the well-documented heart of the problem of attracting and keeping the best executives for federal service. Private sector salaries and total compensation available to highly qualified and competent executives are significantly higher. In addition, the pay overlap between GS-15 pay and Executive Schedule 1 and 2 pay creates a serious obstacle to internal recruitment for the SES. Consequently, the Senior Executives Association is committed to improving pay for federal career executives. As part of the SEA Pay Project, we are

collecting information and will combine data from federal agencies and federal executive pay history questionnaires.

In addition to compiling statistics, we are gathering real life stories of executives leaving for better pay and benefits in the private sector, of critical executive positions which remain open due to lack of an attractive pay scale, and of executives who have received offers of higher compensation in the private sector, but who have remained in government service. We would very much appreciate an opportunity to present our findings to this committee as soon as they are finalized.

At present, however, we can offer some of the best possible evidence of the federal recruitment and retention problem-- comments received from the agencies themselves:

Agency for International Development: "Our greatest recruitment problem has been in finding SES candidates with strong private sector business experience."

Department of Agriculture: "Six SES retirements 12/1/87 - 1/30/88. . . Personnel officers have reported that their employees have verbally expressed their reluctance to apply for SES positions, most of which would require a relocation to the Washington metropolitan area. The new positions offer little or no pay increase, certainly insufficient to offset cost of living differentials . . . We have found when recruiting outside of government that well-qualified candidates were not interested because of the pay ceiling . . . The Department is definitely at a competitive disadvantage with the private sector in the search for top executive talent."

Commodity Futures Trading Commission: "A pattern of few private sector applicants in response to our SES vacancy announcements. Often the quality of experience of federal and private sector applicants has not been satisfactory. We believe that pay is a major factor in attracting applicants."

Department of Defense (Wash. HQ): "Two career SES left from 12/1/87 - 1/30/88 . . . one planning to resign 2/2/88 . . . to work in private industry. Experiencing some difficulty in filling one of our senior positions in the Strategic Defense Initiative Organization . . . After a first announcement, the position was offered to a current SES member now employed in Alabama -- he declined. We now have completed re-advertisement with only a limited number of new applicants. Management officials may consider filling the position with a military officer if we cannot attract a well qualified civilian executive for the job." (N.B. - Military officer pay has increased much faster in recent years than civilian employee pay.)

Department of Housing & Urban Development: "Although we have no major SES recruitment or retention problems, we have experienced some difficulties in attracting a significant number of highly qualified candidates for our financial management positions. We attribute this to a much higher salary rate in the private sector. Comparable compensation is critical in attracting high quality candidates to the Federal Sector."

Department of Justice: "Where it has been necessary or desirable to recruit from outside, for attorney or management information system positions with specialized experience requirements, for example, we have found that SES salaries are often not adequate to attract private sector candidates."

NASA: "4 SES resignations, 6 retirements, one transfer, one death during 12/1/87 - 1/30/88. . . Most positions are filled by qualified individuals from within the agency. . . Director of Aerophysics at NASA Ames Research Center in California has been vacant for 18 months. A nationwide recruitment effort attracted several potential candidates from outside the agency, including one from private industry. None of these persons finalized an application. The individual from industry expressed serious concern over inadequate salary and benefits and, consequently, withdrew from consideration."

National Science Foundation: "Continuing problems in attracting highly qualified research scientists and engineers. . . NSF has used provisions of IPA to compensate temporary scientists and engineers at the levels of the academic institutions -- often above Federal pay cap. Current appropriations legislation restricts this practice, and we foresee even greater difficulties in maintaining quality staffing in light of the continuing pay cap."

Department of Transportation: "Although our needs are met at this time, we do see a trend developing within some of DOT's mid-level engineers and technical managers. This portion of our SES selection pool is leaving the agency in favor of positions in private industry. The potential result is a lower quality SES applicant pool from which to choose. Compensation is cited as one of the reasons why these employees are leaving."

Canvassing federal agencies about the facts of recruitment and retention problems leads to frightening questions about the future. Traditionally, the Civil Service Retirement System kept federal executives tied to their government careers. The government could count on a pool of longtime federal managers to be available for executive positions because, despite the potential for more attractive salaries in the private sector, they felt they could not afford to give up federal retirement benefits they had earned.

The new Federal Employees Retirement System, however, which covers all federal employees hired after January 1, 1984, does not provide the same "golden handcuffs." In fact, one of its selling points was portability. With a Social Security base, it allows the federal employee to leave the government without losing most retirement benefits. We can now expect the best and the brightest of our young, talented professionals to receive a

fine early-career education in federal positions and then be siphoned off to higher paying jobs in the private sector without concern that they are sacrificing retirement benefits in the bargain.

It is a truism to state that the current and future quality of government operations is only as good as the current and future quality of the individuals directing those operations. At the present time, Congress is grappling with both a budget deficit and a trade deficit. Yet we continue to risk further slippage in our position as a world leader by failing to bring the brightest, best educated minds into government service. It is no longer the alarmist, but the realist, who asks if the U.S. is losing its ability to compete.

Perhaps the most ominous of all indicators concerning the quality of federal managers and executives comes from the private sector and the media. In February, 1988, the Mobil Corporation ran a public service newspaper article entitled "Less than the best isn't good enough." The article presented information about the salaries of federal judges, directors of federal bureaus, assistant secretaries, and regulatory commission members as well as mid-level managers, Congressmen, and the President. It concluded:

Unless a way is found to make government careers as rewarding as those in the private sector, the American people will wind up with key people in key jobs making key decisions who are either a wealthy elite or society's less able performers.



In government, as in everything else, you get what you pay for. Particularly in view of the large problems facing American society, the nation can't afford less than the best.

When private corporations such as Mobil put their money behind this message, every American ought to take note. One doesn't have to read between the lines to understand that Mobil is worried about the future, about U.S. world standing, about our economy. But what may be less obvious at first is the acknowledgment in articles such as this that public sector policy makers need and deserve both our respect and compensation commensurate with the importance of their work. SEA couldn't agree more wholeheartedly with Mobil that America cannot afford less than the best.

Historically, public service values and ideals have been powerful motivators, bringing high calibre individuals into the federal government. Despite some degree of sacrifice relative to financial rewards available in the private sector, those individuals were kept on the job in large measure due to their strong commitment to public service and deep satisfaction derived from work they -- and the public -- believed to be essential and worthwhile.

Today, however, the intrinsic rewards of public service must do battle with powerful de-motivators. The public, the media, even high-ranking elected officials have blamed the federal workforce for the deficit and become skeptical about government operations generally. Too frequently, professional success in

the private sector, rather than public service, is heralded as the ideal -- the measure of an individual's contribution to society. Against this background we have experienced attacks on federal employee benefits and a growing gap in federal pay compared to the private sector. It is a great challenge for many federal careerists of the highest quality, who know they could provide for themselves and their families greater financial security in the private sector, to remain committed to public service today. We ask them to make too great a sacrifice, and we are losing the best of them at an increasing rate.

We recommend, as the single most critical action which could be taken to attract and retain the qualified senior executives necessary to manage the federal government efficiently and effectively, the setting of a goal regarding comparability in executive compensation, and a schedule for achieving that goal. Specifically, we recommend that a four-year schedule be adopted, beginning January 1989, with regular pay increases and "catch-up" increases annually in order to reach, by January 1992, compensation levels at 90% of that of comparable positions in the private sector. We believe that 10% is an appropriate reduction for public service.

We also believe it is of critical importance to eliminate the overlap between GS-15 and Senior Executive Service pay. This disincentive to SES entry by highly qualified career managers could be removed if ES-1 salary were set at 105% (rounded to the nearest \$100) of GS-15, step 10. Formulas for calculating ES-2

through ES-6 would, of course, have to be revised accordingly. The resulting compression of the ES pay levels would be mitigated by overall comparability pay increases.

We also believe that a number of other improvements will help restore the power of public service motivators for federal career executives. This Subcommittee has recognized many of these problems and developed The Excellence in Government Management Act to address them. We strongly support provisions of H.R. 2882 which designate career reserved positions to insure impartiality when the responsibilities of the positions relate to managing career employees. We endorse the qualifications review to certify the executive qualifications of candidates for political appointments to executive positions, and we recommend that they be required to meet the same five executive qualifications mandated of those who enter the career SES. We commend H.R. 2882 for requiring that individuals appointed to non-career SES positions undergo a training program to acquaint them with the operations of the government, civil service procedures, good public management practices and ethical standards. We recommend that they must successfully complete a written examination on the ethical requirements of government service. We also strongly support the prohibition against reassigning, detailing or removing a career senior executive within 120 days after the political appointment of superiors.

Ensuring the qualifications and training of political appointees, however, will not solve the serious problems encountered due to real or perceived political interference. Inclusion of non-career and career SES members in the same personnel system has not worked as intended. There is a distinct blurring of perception by the public and politicians between career and political SES employees. Too often career employees are identified with the political party of the President, rather than as non-partisan government executives. There is also the suspicion by new political appointees that career SES employees are really politicals from the previous administration or from the "other" political party in disguise. This results in extremely inefficient, or no, use of career executives' expertise, and a lot of "ulcers" for both "sides" during the first year of a new administration.

We recommend that the current Senior Executive Service be divided into two parts, the U.S. Executive Service, made up of the current career members of the Senior Executive Service, and the Political Executive Service, made up of the non-career members of the Senior Executive Service. All general positions currently in the SES could be filled by either a member of the U.S. Executive Service (USES) or the Political Executive Service (PES). Pay of the two groups would retain the same relationship as presently, and a restriction would be placed on the Political Executive Service that its numbers could not exceed 10% overall of the filled positions in the USES. The number of PES members

could not exceed 25% of the filled positions in any agency, just as you recommend in H.R. 2882. Finally, there would be a one year post-employment restriction placed on serving in the PES, disqualifying them from obtaining positions in the USES for one year after the end of their service in the PES.

Other positive changes can be made which will provide incentives for career federal executives to remain in public service by maintaining the integrity of the career SES, encouraging continuing education, improving the system of bonuses and awards, and assisting senior level careerists when relocation is necessary.

H.R. 2882 wisely provides that senior executives, supervisors and management officials be required to participate in a minimum number of hours of supervisory or management training each year. There are currently no requirements for either career or non-career SES members to keep up to date on the fast-changing world of management, administration, or the technical requirements of their positions. Agencies are particularly reluctant to let their best executives attend training because of the need for their expertise on the job. This results in the diminution of skills over time. We recommend that every member of the Executive Service must attend a minimum of 40 hours of approved training each year in order to continue in the USES or PES. Failure to complete such training each year should require removal of the employee from the USES or the PES.

We support the provisions of H.R. 2882 intended to encourage sabbaticals for career members of the SES. The CSRS authorized sabbaticals for government executives, but this provision has not been utilized by the Executive Branch, and, in fact, employees seeking sabbaticals have been actively discouraged. We believe that agencies should be required to provide sabbaticals for at least one of their executives annually, with appropriate adjustments being made for small agencies with fewer than 20 executives. We would also like to see SES members allowed to compete for the White House Fellows Program and allowed to seek an IPA assignment without being required by their agency to resign from the SES.

This Subcommittee has recognized the difficulty agencies face in enticing executives to voluntarily accept geographic relocations, even though in many instances relocation is necessary for agency operations. We agree that a relocation bonus should be paid to any career SESer reassigned geographically. In addition, we believe that government agencies should pay for the last move home upon retirement of both career and non-career senior executives, in order to encourage them to accept reassignments near the end of their career.

Finally, H.R. 2882 addresses the need to keep Presidential Rank Awards adjusted so that they increase over time. We endorse the recommendation of the President's Commission on the Compensation of Career Federal Executives that these awards should be

raised to 40% (Distinguished Rank Awards) and 20% (Meritorious Rank Awards) of the top SES pay rate.

In addition, we recommend improvements in the bonus system. When Congress enacted the bonus system in the CSRS, they anticipated that it would be properly funded and that substantial numbers of executives would receive bonuses. Neither has happened. Subsequent number limitations (though ultimately removed) led agency heads to believe that the fewer bonuses, the better. In addition, dollar limitations placed on the bonuses unfairly restricted the number who received bonuses and limited the amounts. Some agencies have given no bonuses in some years because of alleged budget problems.

We recommend that agency heads be required to pay bonuses in each fiscal year or risk losing 5% of their SES S & E account authorization. We agree with the recommendations of the President's Commission that the bonus pool should equal 10% of total SES salaries in each agency. Both bonuses and rank awards should be calculated as part of Executives' base pay for purposes of annuity computations.